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DE RUEHDT #0129/01 0881039
ZNR UUUUU ZZH
P 291039Z MAR 07
FM AMEMBASSY DILI
TO RUEHC/SECSTATE WASHDC PRIORITY 3412
INFO RUCNDT/USMISSION USUN NEW YORK 0893
RUCNARF/ASEAN REGIONAL FORUM COLLECTIVE
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC
RHHMUNA/USPACOM HONOLULU HI
RUEHBY/AMEMBASSY CANBERRA PRIORITY 0952
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RHEFDIA/DIA WASHINGTON DC
RUEAIIA/CIA WASHDC
RUEHROV/AMEMBASSY VATICAN 0088
RUEHDT/AMEMBASSY DILI 2771

UNCLAS SECTION 01 OF 02 DILI 000129

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SUBJECT: PRESIDENT GUSMAO ESTABLISHES NEW PARTY

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¶1. (SBU) Summary: Following months of preparation accompanied by widespread speculation, President Xanana Gusmao formally announced the establishment of his new party, currently known as the National Congress for the Timorese Reconstruction (CNRT). Gusmao's hope is that with his name and reputation, the CNRT can defeat the ruling Fretilin party in the upcoming parliamentary elections. However, it is unclear at this point how much support the CNRT will have. Most opposition party leaders view the new CNRT with a mix of skepticism and anger, criticizing the enterprise as likely to further divide and undermine the opposition, while possibly risking Gusmao's standing as a national figure above party politics. Further, Gusmao's status, while remaining remarkably resilient, has nonetheless diminished over the last year of crisis. Regardless, the new CNRT will bring an added variable to both the presidential and parliamentary elections - the party's supporters have been actively supporting Prime Minister Jose Ramos-Horta's presidential bid and the possibility remains that the CNRT could be a major player in the parliamentary elections. End summary.

¶2. (U) President Xanana Gusmao March 26 formally announced the formation of a new party, the National Congress for the Timorese Reconstruction (CNRT), following the receipt of 6,500 signatures supporting the party's establishment under his leadership. On March 30, the CNRT was expected to formally file its registration papers with the Ministry of Justice. "After Releasing the Nation, Let's Release the People" is the motto of the new party. Gusmao will remain technically outside of the party until he steps down from office; when receiving the signatures he stated, "after finishing my role as President I will join them to give a new direction to the country and to the people." A national party congress to elect leadership and finalize the party platform and constitution is scheduled to take place sometime during the month of April. Meanwhile, the party will be nominally led by Mau-Huno a former FALINTIL (pro-independence resistance) commandant and former member of Fretilin's Central Committee (CCF).

A Fretelin alternative

13. (SBU) Sources close to Gusmao unequivocally agree that the main intention in establishing the party is to defeat the dominant "Mozambique clique" of the ruling Fretelin party, the group of Fretelin leaders such as Alkatiri who spent most of the occupation in Mozambique and have held the reins of power since independence. The name of the new party is a deliberate reference to the former CNRT, a non-partisan umbrella resistance body that was led by Gusmao and represented the independence cause in 1999. The CNRT symbol was the symbol on the 1999 referendum ballot that represented the choice of independence from Indonesia. Using the CNRT's history and Gusmao's historical importance as its leader, supporters hope they have a formula that can rival Fretelin's status as the party of the struggle. Moreover, the party's platform will strongly emphasize the formation of a national unity government should they win, harkening back to the hopes many Timorese held during the first national elections. Fretelin Secretary General Mari Alkatiri stated in a March 16 press release that Fretelin will launch a legal challenge against the use of the CNRT acronym in court, arguing that it is a deceptive and inappropriate use of a national unity symbol for partisan purposes.

Strained relationship with the opposition

14. (SBU) The new CNRT is regarded with a range of skepticism, ambivalence and anger among many opposition figures. However, it nonetheless may prove a powerful drain on their support bases. Gusmao likely decided to establish the CNRT because of his disappointment with the opposition. Gusmao has in the past been linked to the Democratic Party (PD); PD president and presidential candidate Fernando "Lasama" de Araujo founded the East Timorese Student Movement, RENETIL, in 1998 while attending the University of Bali and was jailed alongside Gusmao in

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Jakarta from 1992-99. Moreover, some delegates at the PD party congress in October 2006 informally discussed asking Gusmao and Ramos-Horta to continue to serve in government if PD were to win election, so many in the party view Gusmao's decision to go it alone as tantamount to betrayal. This was further underscored when Gusmao turned to many of PD's coordinators for assistance in laying his new party's groundwork, though PD insiders claim only a few of their coordinators answered the President's call. Party leaders nevertheless have expressed concern that Gusmao's efforts could seriously undercut if not destroy their party.

Election implications

15. (SBU) The same structure that is now founding CNRT is also active in supporting Ramos-Horta's presidential campaign. Among delegates meeting this week, there was much confidence that Ramos-Horta would win the election. Some of the delegates were getting ready to head to Manatuto on March 29 to join Ramos-Horta on a campaign event. Vicente da Conceicao "Railos", who is strongly supporting the Ramos-Horta campaign in Liquica district is also a delegate at the CNRT national meeting. Gusmao is presenting CNRT as a national unity party which, if it wins the elections, would reach beyond the party to form a government. Some sources close to Gusmao have said that one of his possible plans would be to name Mario Carrascalco, President of the Social Democratic Party (PSD), as Prime Minister with two deputies: Fernando "La Sama" Araujo, President of PD (and presidential candidate), and Josi Luis Guterres, leader of the Fretelin Mudansa (Reform) group. Gusmao would then take the position of President of National Parliament.

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